

Message Text

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ACTION SS-30

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C O N F I D E N T I A L GEORGETOWN 1594

EXDIS

E.O. 11652: GDS

TAGS: EINV, EMIN, RZ

SUBJECT: REYNOLDS NEGOTIATIONS

REF: STATE 192372, BURKE/KREBS TELECONS

1. AS INDICATED TELECONS I HAVE AVOIDED CONTACT WITH FONMIN RAMPHAL SINCE HE CALLED ME ON SEPTEMBER 3 AT WHICH TIME I CONVEYED TO HIM SUBSTANCE PARA 6 REFTEL. MORNING SEPTEMBER 6, DURING MEETING AT FONOFF WITH PERMSEC RUDY COLLINS TO REVIEW UNGA AGENDA, RAMPHAL POKED HIS HEAD IN TO ROOM AND ASKED TO SEE ME AFTERWARDS.

2. RAMPHAL ASKED IF THERE WERE ANY FURTHER DEVELOPMENTS SINCE OUR BRIEF CONVERSATION SEPTEMBER 3. I SAID NONE EXCEPT THAT REYNOLDS GUYNAL MANAGER (WAGNER) HAD TOLD ME YESTERDAY HE WAS IN TOUCH WITH MINMINES PERMSEC AND HAD INDICATED SEPTEMBER 10 WOULD BE EARLIEST DATE BY WHICH REYNOLDS TEAM COULD ARRIVE. I AGAIN ALLUDED TO THE SCHEDULING PROBLEM, WITH MOST OF TOP REYNOLDS MANAGEMENT ON VACATION AT TIME LATEST GOG PROPOSAL ADVANCED AND FACT THAT THAT THIS WAS THE FIRST TIME REYNOLDS FACED WITH DEFINITIVE GOG STATEMENT REGARDING NATIONALIZATION. I SAID IT SEEMED POSSIBLE TO ME THAT WHEN GOG INSISTED INITIALLY ON CONFINING NEGOTIATIONS TO PRODUCTION LEVY, COMPANY MAY HAVE OBTAINED IMPRESSION THAT SATISFACTORY SETTLEMENT OF TAX QUESTION WOULD FORESTALL NATIONALIZATION FOR SOME TIME TO COME. ASSUMING THIS TO BE THE CASE,
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COMPANY WOULD NOW BE FACED WITH TOTALLY NEW BALL GAME IN

WHICH THEY WOULD HAVE TO EXAMINE THEIR POSITION IN DEPTH AND FROM TOTALLY NEW ANGLE.

3. RAMPHAL SAID THAT AT CABINET MEETING SEPTEMBER 3 THERE WAS ONLY CURSORY DISCUSSION OF REYNOLDS MATTER. MINMINES JACK, RAMPHAL SAID, ALLEGED THAT FAILURE OF REYNOLDS TO RESPOND IMMEDIATELY TO LATEST GOG OVERTURE WAS INDICATION OF FOOT DRAGGING AND CONFIRMED HIS BELIEF THAT REYNOLDS WOULD STONEWALL AND REFUSE TO NEGOTIATE ON NATIONALIZATION. RAMPHAL SAID HE HAD CONFINED HIS OWN REMARKS TO CONVEYING WHAT I HAD TOLD HIM JUST PRIOR TO CABINET MEETING.

4. RAMPHAL ALSO EXPRESSED CONCERN OVER MANNER IN WHICH JACK MIGHT REPORT TO BURNHAM ON SUBSTANCE OF NEGOTIATIONS WITH REYNOLDS TEAM. IN PAST, AS DEPARTMENT AWARE, BY REASON OF MY TALKS WITH RAMPHAL, WE HAVE BEEN ABLE TO KEEP THE RECORD STRAIGHT ON CERTAIN CRITICAL ISSUES THAT HAVE ARISEN IN COURSE OF NEGOTIATIONS. I ASKED RAMPHAL IF HE THOUGHT THERE WAS ANY SUBSTITUTE CHANNEL DURING RAMPHAL'S ABSENCE THROUGH WHICH I MIGHT BE ABLE TO CONVEY TO BURNHAM CLARIFICATION OR OTHER CRITICAL INFORMATION REGARDING PROGRESS OF NEGOTIATIONS. HE SAID HE COULD NOT SEE ANY OTHER POSSIBILITY. IN THIS CONNECTION HE REMARKED THAT HE DID NOT KNOW YET WHO AMONG CABINET MINISTERS WOULD BE NAMED TO TAKE FONAFFAIRS PORTFOLIO DURING HIS ABSENCE. HE SAID IF IT WERE TO BE NEW MINECONDEV HOYTE, THAT WOULD BE BAD NEWS. I SAID I AGREED, AND TOLD HIM THAT DCM HAD BEEN PRESENT AT ANNUAL ASSEMBLY OF GUYANA ASSOCIATION LOCAL AUTHORITIES (GALA) AT LINDEN AUGUST 31 WHEN HOYT TOLD THIS GATHERING GOG IS ON BRINK OF NATIONALIZING REYNOLDS AND ADDED STRUGGLE WILL BE MORE SERIOUS THAN IN 1971 BECAUSE ENEMIES THIS TIME ARE STRONG, "UNSCRUPULOUS", AND "UNPRINCIPLED." RAMPHAL AGREED THIS LANGUAGE HARDLY APPROPRIATE.

5. I TOLD RAMPHAL THAT DEPT. AND OPIC AGREED TO HAVE HUNT HERE DURING NEXT ROUND OF NEGOTIATIONS AND IF POSSIBLE A DAY OR SO AHEAD OF REYNOLDS TEAM. I SAID I WOULD LET HIM KNOW AS SOON AS I KNEW EXACT ARRIVAL TIME.
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6. RAMPHAL SAID HE CONTINUED TO BE CONCERNED THAT ONCE HE WAS OUT OF PICTURE, AND HE DEFINITELY WOULD BE LEAVING SEPTEMBER 14 FOR UNGA, CHANCES FOR A SATISFACTORY COMPROMISE WOULD BE DRASTICALLY REDUCED. HE SAID HE SUSPECTED THAT JACK MIGHT ATTEMPT TO PROVOKE REYNOLDS TEAM INTO INTEMPERATE OR INTRANSIGENT RESPONSE SO THAT JACK COULD THEN CONVINCE PM BURNHAM TO PROCEED POST HASTE

WITH ENACTMENT OF PRODUCTION LEVY AND NATIONALIZATION BILLS.

7. WAGNER CAME TO SEE ME AT 1630 TO REPORT THAT HE HAD TOLD JACK TODAY THAT ROBERTS AND TEAM COULD NOT COME UNTIL SEPTEMBER 13 OR 14 BECAUSE OF OTHER COMMITMENTS. I ASKED WHAT OTHER COMMITMENTS AND HE SAID THEY HAD MEETING SCHEDULED IN HAITI ON SEPTEMBER 10. I STRONGLY URGED WAGNER TO MENTION HAITI MEETING AS REASON FOR DELAY AND MADE SURE HE UNDERSTOOD IMPLICATIONS FOR NEGOTIATIONS OF RAMPHAL'S DEPARTURE. WAGNER SAID JACK IS SENDING HIM A LETTER IN WHICH HE WILL REQUEST MEETING ON SEPTEMBER 10 WITH WAGNER AND LOCAL REYNOLDS' COUNSEL LLOYD LUCKHOO. WAGNER UNDERSTANDS PURPOSE OF MEETING IS TO DISCUSS TAX TREATMENT OF CHEMICAL GRADE BAUXITE. WAGNER SAID JACK HAD NOT YET AGREED DEFINITELY TO SUBSEQUENT MEETING WITH ROBERTS ETAL, ALLEGING UNCERTAINTY REGARDING PROGRAM FOR NYERERE VISIT.

8. NO MENTION HAS BEEN MADE BY EITHER RAMPHAL OR WAGNER OF DOLDBERG INITIATIVE. KREBS

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